

**Introduced by Senator George Runner**

December 6, 2004

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An act to amend Section 220 of the Revenue Taxation Code, relating to taxation, to take effect immediately, tax levy.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 14, as introduced, George Runner. Property tax: aircraft exemption.

The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a  $\frac{2}{3}$  vote of the membership of each house. Pursuant to this constitutional authorization, on aircraft that is in this state for the sole purpose of repair, overhaul, modification, or service is exempted from the taxes imposed on personal property.

This bill would expand this exemption, subject to the  $\frac{2}{3}$  vote requirement, by providing an exemption from the personal property tax for aircraft located in this state for the sole purpose of storing that aircraft in a flyable storage condition, as defined.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 220 of the Revenue and Taxation Code is amended to read:

220. (a)

Any aircraft ~~which~~ that is in California on the lien date solely for ~~the purpose of being repaired, overhauled, modified, or serviced~~ any of the purposes described in subdivision (b) is exempt from personal property taxation.

(b) (1) Aircraft in this state for repair, overhaul, modification, or service.

(2) Aircraft in this state for storage, in a flyable storage condition, in accordance with a Federal Aviation Administration approved storage program.

(c) For purposes of this section “flyable storage condition” means storage that includes the minimal maintenance necessary to keep the aircraft in an airworthy condition.

(d) This exemption does not apply to aircraft normally based in California, or to an aircraft that is operated, intrastate or interstate, in and into California.

SEC. 2. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.